Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

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PAGE 01 TANANA 00426 011651Z

43
ACTION SS-30

INFO OCT-01 ISO-00 /031 W
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P 011415Z APR 74
FM AMEMBASSY TANANARIVE
TO SECSTATE WASHDC PRIORITY 6132

S E C R E T TANANARIVE 0426

EXDIS

E. O. 11652: GDS
TAGS: PFOR, EAID, MA, US
SUBJ: FY75 AID PROPOSAL FOR MADAGASCAR

FOR AID ADMINISTRATOR PARKER AND ASSISTANT ADMINISTRATOR ADAMS

BEGIN SUMMARY: FOLLOWING EXCELLENT USE OF PROPOSED FY74 AID RAILROAD LOAN TO HELP ACHIEVE MALAGASY AGREEMENT ON NASA STATION EXTENSION, I REQUEST YOUR AGREEMENT IN PRINCIPLE TO FY75 ASSISTANCE PROJECT FOR MADAGASCAR. FOR REASONS EXPLAINED IN SEPTEL TO UNDER SECRETARY SISCO AND ASSISTANT SECRETARY EASUM (WHICH I HAVE ASKED THEM MAKE AVAILABLE TO YOU), I AM CONVINCED SUCH ASSISTANCE IS ESSENTIAL TO FUTURE US INTERESTS IN MADAGASCAR. IN VIEW IMMEDIATE PROBLEM EXPOSED IN THAT MESSAGE, WOULD APPRECIATE IT, IF AT ALL FEASIBLE, IF I COULD HAVE BY THIS WEEKEND YOUR AUTHORIZATION FOR ME TO TELL MALAGASY FONMIN RATSIRAKA THAT US PREPARED CONSIDER FY75 AID PROJECT FOR MADAGASCAR UP TO SPECIFIED AMOUNT, WITH TYPE OF ASSISTANCE AND PROJECT TO BE WORKED OUT SUBSEQUENTLY BY MUTUAL US-MALAGASY AGREEMENT. END SUMMARY.

1. AS REPORTED TANANARIVE'S EXDIS 0420, WE HAVE OBTAINED DECISION BY MALAGASY HEAD OF GOVT GEN RAMANANTSOA APPROVING US PROPOSAL FOR THREE-YEAR EXTENSION OF NASA STATION AGREEMENT. (THIS INFO TO BE VERY TIGHTLY HELD WITHIN USG FOR PRESENT FOR REASONS EXPLAINED IN THAT MESSAGE.) DISCREET TYING OF PROPOSED AID RAILROAD LOAN TO NASA STATION EXTENSION HAS BEEN IMPORTANT FACTOR IN OBTAINING FAVORABLE MALAGASY DECISION ON LATTER. POSI-
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PAGE 02 TANANA 00426 011651Z

TIVE AND FLEXIBLE ATTITUDE WHICH YOU HAVE TAKEN IN AID TOWARD

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

RAILROAD LOAN HAS THUS BEEN OF GREAT ASSISTANCE IN THESE NEGOT-
IATIONS, AND I WANT YOU TO KNOW HOW MUCH I APPRECIATE IT.

2. WE PROPOSE NEGOTIATE RAILROAD LOAN AGREEMENT WITH GOMR PAR-
ALLEL TO DETAILED NEGOTIATION OF TEXTS ON NASA STATION. ANTIC-
IPATE LATTER WILL GET UNDER WAY SHORTLY. SINCE THERE MAY STILL
BE SOME STICKY POINTS IN NEGOTIATING THESE TEXTS, I WOULD LIKE
RAILROAD LOAN NEGOTIATIONS TO MOVE AT SAME PACE AS FURTHER
NASA STATION NEGOTIATIONS, BUT SHALL KEEP IN MIND DESIRABILITY
OF COMMITTING AID FUNDS FOR RAILROAD PRIOR TO END FY74.

3. DURING TALK I HAD WITH YOU IN DEC73 WHEN I WAS IN WASH, YOU
WILL RECALL I RAISED WITH YOU POSSIBLE FY75 ASSISTANCE TO MAD-
AGASCAR. TANA'S EXDIS 0424 TO UNDER SECRETARY SISCO AND ASSIS-
TANT SECRETARY EASUM EXPLAINS WHY I BELIEVE SUCH ASSISTANCE HAS
NOW BECOME INDISPENSABLE TO FUTURE US INTERESTS IN MADAGASCAR.

4. LAST DEC I TALKED ABOUT POSSIBILITY OF SUPPLYING US RICE TO
MADAGASCAR IN FY75 ON CONCESSIONAL TERMS UNDER EITHER AID DEVEL-
OPMENT LOAN OR PL480 TITLE I, BASED ON DEPT OF AGRICULTURE'S
PROJECTION AT THAT TIME OF HEAVY US FY75 RICE SURPLUS. WE ALSO
DISCUSSED BRIEFLY POSSIBILITY OF AGRICULTURAL PRODUCTION ASSIS-
TNACE TO MADAGASCAR SINCE THAT TYPE OF HELP WOULD FALL WITHIN
NEW CONGRESSIONAL MANDATE TO AID.

5. FRANKLY, NEITHER GOMR NOR EMBASSY YET KNOWS WHETHER OR TO
WHAT EXTENT MADAGASCAR WILL REQUIRE RICE IMPORTS IN FY75 AS RICE
HARVEST IN THIS SOUTHERN HEMISPHERE COUNTRY IS JUST STARTING.
AREA PLANTED THIS YEAR WAS SUBSTANTIALLY EXPANDED, WEAHTER HAS
BEEN REASONABLY GOOD (THOUGH SOMEWHAT DRY IN CERTAIN AREAS), AND
GOMR RECENTLY TOOK ENCOURAGING STEP OF SECOND RISE WITHIN YEAR
IN PADDY PRICE PAID TO FARMERS (TANANARIVE'S 0357). MY GUESS
IS THAT RICE IMPORTS WILL STILL BE REQUIRED IN FY75, THOUGH
CERTAINLY LESS THAN FY74. WITH 8-10 PERCENT INCREASE IN ANNUAL
MALAGASY IMPORT BILL AS RESULT PETROLEUM PRICE RISE, GOMR WILL
NEED FOREIGN ASSISTANCE WITH RESPECT TO RICE IMPORTS. I PROPOSE,
THEREFORE, THAT UP TO 20,000 TONS OF US CONCESSIONAL RICE BE
RESERVED ON CONTINGENCY BASIS FOR MADAGASCAR FOR FY75.

6. WORTHWILE PROJECT FOR AGRICULTURAL PRODUCTION ASSISTANCE,
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SUPPLEMENTARY TO RICE AGREEMENT (OR IN LIEU OF IT, IF RICE
REQUIREMENTS SHOULD UNEXPECTEDLY PROVE TO BE MINIMAL), COULD,
I AM SURE, BE WORKED OUT WITH GOMR IF AID GAVE POLITICAL GREEN
LIGHT TO RAISE SUBJECT. ROAD CONSTRUCTION PROJECT WOULD BE AN
ASSURED ALTERNATIVE, PERHAPS IN CONJUNCTION WITH IDA (AS AID
APPARENTLY AGREED TO RECENTLY IN DAHOMEY).

7. WHAT WOULD BE MOST HELPFUL TO MEET IMMEDIATE PROBLEM DESCRIBED

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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IN TANANARIVE'S EXDIS 0420 WOULD BE IF AID COULD AGREE IN PRIN-
CIPLE BY THIS WEEKEND TO MY INFORMING FONMIN RATSIRAKA THAT US
IS PREPARED TO CONSIDER ASSISTANCE PROJECT FOR MADAGASCAR FOR
FY75 UP TO CERTAIN AMOUNT, WITH TYPE OF ASSISTANCE AND PROJECT
TO BE WORKED OUT BY MUTUAL US-MALAGASY AGREEMENT. IN 1974 PARA
PAPER ON MADAGASCAR (TANANARIVE'S A-045, 19MAR) WE PROPOSED
$10 MILLION FOR FY75 AID AND/OR PL480 ASSISTANCE. I RECOGNIZE
THIS FIGURE COULD BE HIGH IN THESE DAYS OF STRIGENT BUDGETS,
BUT, GIVEN COMPARATIVE LEVEL OF PRC ASSISTANCE TO MADAGASCAR
DURING PAST TWO FISCAL YEARS, $5 MILLION WOULD BE ABSOLUTE
MINIMUM NECESSARY TO BEGIN TO PRODUCE KIND OF POLITICAL RESULTS
WE ARE SEEKING.

8. I APOLOGIZE FOR RAISING THIS MATTER WITH SUCH SHORT TIME
FUSE, BUT UNDER CIRCUMSTANCES THERE WAS NO ALTERNATIVE.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRACKING STATIONS, NEGOTIATIONS, FOREIGN ASSISTANCE, RAILROADS, DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 APR 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TANANA00426
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740071-0967
From: TANANARIVE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740476/aaaacsbr.tel
Line Count: 131
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 03 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 SEP 2002 by boyleja>; APPROVED <10 FEB 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FY75 AID PROPOSAL FOR MADAGASCAR FOR AID ADMINISTRATOR PARKER AND ASSISTANT ADMINISTRATOR ADAMS
TAGS: PFOR, EAID, MA, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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